



**Washington Utilities and
Transportation Commission**

VERIZON NORTHWEST, INC.

UT-090073

Staff Investigation



**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

STAFF INVESTIGATION

Verizon Northwest, Inc.

UT-090073

Prepared by
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Compliance Investigations
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TABLE OF CONTENTS

Section	Page
Purpose, Scope and Authority.....	4
Executive Summary	5
Background.....	7
Commission-Referred Complaints.....	10
Customer Service	11
WTAP Customer Complaints	19
Improper Billing City Taxes	33
Summary of Findings.....	38
Recommendations.....	40

PURPOSE, SCOPE, AND AUTHORITY

Purpose

The purpose of this staff investigation is to determine if Verizon Northwest, Inc. (Verizon) corrected the business practices deficiencies found in commission staff's previous investigations and improved its compliance with commission rules and service to its customers as outlined in the commission's 2007-2008 Compliance Plan.

Scope

The scope of the investigation includes Verizon's business practices as reflected in the commission's consumer complaints. This means that staff evaluated the company's compliance with each of the telecommunications rules or laws as they related to the Verizon complaints that were received during the months of June through November 2008.

Authority

Staff undertakes this investigation under the authority of the Revised Code of Washington (RCW) 80.01.040(3). In addition, RCW 80.04.070 makes it clear that the Commission is authorized to conduct such an investigation.

Investigation Staff

M. Carlene Hughes – Compliance Program Coordinator, Compliance Investigations Section

EXECUTIVE SUMMARY

Staff found Verizon Northwest in continuing non-compliance with commission rules and state statutes.

Verizon has been investigated three times in the past for failure to respond to commission-referred complaints; failure to provide adequate customer service to consumers who contact the company directly; and, failure to properly process Washington Telephone Assistance Plan (WTAP) applications and apply WTAP rates and charges.

After repeated investigations and numerous violations, Verizon has come into substantial compliance with only one of these issues. Verizon now responds timely and with complete and accurate answers to commission-referred complaint questions.

However, Verizon still fails to provide adequate customer service and fails to properly process WTAP applications and charge WTAP rates. Additionally, staff has found that Verizon fails to investigate complaints or provide refunds for customers who are improperly billed for city taxes.

Customer Service

While staff finds that Verizon's complaints that refer to customer service have decreased to approximately 13 percent of complaints received (13 out of 102 complaints), staff finds that customer service is still an issue with Verizon. Customers are refused the opportunity to speak with a supervisor, placed on hold for lengthy periods of time, and not provided return calls from Verizon representatives who state they will investigate the customer's issue and call the customer back. Staff believes that Verizon fails to provide good customer service, however, staff also appreciates that Verizon has shown an improvement in this area.

WTAP Applications

Staff finds Verizon still consistently fails to properly process WTAP applicant's requests for service. This is in spite of numerous violations and discussions about the importance of applying WTAP credits to those customers who qualify and have requested the discounted telephone rates.

One-third of all Verizon complaints are WTAP related.

Of the 34 WTAP complaints staff reviewed during this investigation, staff issued violations of RCW 80.36.130, for charging improper rates in 19 of the complaints, for a total of 49 separate violations of the statute.

Verizon has failed to train its customer service representatives how to properly process Washington state WTAP requests. Even when the customer has completed the WTAP request process with Verizon, Verizon fails to properly credit installation charges, or fails to properly bill the customer WTAP-approved rates.

Improper Billing of City Taxes

Additionally, staff found during this investigation a high number of violations for Verizon improperly billing customers for city taxes when the telephone service was located outside the city limits, and when notified of the error, failed to correct the problem. Staff issued a total of 588 violations for improper tax billing for complaints filed between June and November 2008.

Recommendations

As a result of Verizon's ongoing failure to correct its customer service and WTAP issues, and its failure to address its improper city tax billing, staff has three recommendations:

- Commission staff continue to meet with Verizon representatives to ensure Verizon addresses its customer service and other violations of commission rules and state statutes. The frequency of meetings will be determined by staff.
- The commission issue a penalty assessment of \$49,000 for 49 violations (\$1,000 per violation) of RCW 80.36.130, Published Rates to be Charged, for failure to properly charge customers WTAP-tariffed rates.
- The commission issue a penalty assessment of \$58,800 for 588 violations (\$100 per violation) of RCW 80.36.130, Published Rates To Be Charged, for improperly billing city taxes.

BACKGROUND

2005 Investigation

In October of 2005, commission staff conducted a preliminary investigation of the consumer complaints filed against Verizon Northwest. That investigation of Verizon was prompted by the increasing number of consumer complaints received by the commission's Consumer Affairs Section and the types of violations staff had issued against the company.

Staff found during the 2005 investigation that in the 100 complaints filed in June, July, August, and September, Verizon was issued five violations for late response to commission-referred complaints; three violations for improper disconnect; one violation for slamming; one violation for failure to investigate a consumer complaint; and one for refusal of service.

Staff also found an increasing number of complaints from Washington Telephone Assistance Program (WTAP) applicants where the proper billing for WTAP was delayed, or information given to the customer about WTAP service was incorrect or misleading.

Consumer Affairs staff found that the increasing number of complaints and violations significant enough to warrant discussions with the company. Staff met with the company to discuss the findings of this preliminary investigation on November 18, 2005.

2007 Investigation

Again in 2007, another investigation of Verizon was prompted by the increasing number of consumer complaints received by the Consumer Affairs Section and the types of violations commission staff issued against the company.

In the 118 customer complaints filed from January through May 2007, staff issued Verizon 204 violations of rules such as failure to respond to commission-referred complaints; failure to charge proper rates for WTAP customers; improper discontinuation of service; and improper application of customer payments, in addition to other rule violations.

The three major areas of non-compliance that were addressed in the 2007 investigation included:

- Commission-Referred Complaint Responses – Verizon did not respond to staff regarding consumer complaints within the two, three, or five-day rule requirements.
- Customer Service – When customers called Verizon they experienced long hold times or were unable to speak to a live representative as required by UTC rules.
- WTAP Services and Charges – Verizon did not process applications for WTAP, did not process applications timely, or improperly denied applications for WTAP discounts.

2007-2008 Compliance Plan

In September of 2007, commission staff began meeting with Verizon representatives to develop a compliance plan to improve Verizon's compliance with commission rules, and to address staff's concerns with Verizon's consumer issues.

The stated purpose of developing the compliance plan was to assist Verizon in:

- Decreasing overall number of complaints and incidence of rule violations;
- Improving customer service and customer access to Verizon call centers;
- Reducing the number of customer complaints regarding the Washington Telephone Assistance Program (WTAP); and
- Improving responsiveness to UTC-referred complaints.

Staff and Verizon agreed that performance measure comparisons would be conducted between November 12, 2007, and May 11, 2008 (the compliance period) and that Verizon would report its performance measures statistics to commission staff on a monthly basis.

2008 Compliance Plan Review

In June 2008, after review of Verizon's compliance with the commission's six-month plan, staff published its report of the findings. The Compliance Plan Review Report addressed the three major areas of non-compliance:

Commission-Referred Complaint Responses – Verizon must respond to commission-referred complaints within the two, three, or five-day rule requirements.

Customer Service – Verizon must respond timely to customer calls and allow customers to speak with live customer service representatives.

WTAP Service – Verizon must process applications for WTAP service for all eligible applicants timely and properly.

While staff found that Verizon was in substantial compliance with the rules that require a company to respond to commission-referred complaints within two, three, or five business days, staff found Verizon had failed to substantially improve its customer service or the timely and accurate processing of WTAP applications.

After the Compliance Plan Review Report was distributed, staff met with Verizon representatives to discuss the findings and was assured that improvements to Verizon's processes were being made on an ongoing basis and that Verizon was well aware of its need to address its customer service and WTAP billing violations. Staff at that time recommended that an investigation of Verizon's business practices be conducted sometime between June 2008 and June 2009 to determine if Verizon had taken the necessary steps to comply with commission rules and state statutes.

2008 Staff Investigation

In December 2008, staff began its follow-up investigation to determine if, after the extensive scrutiny of the 2007-2008 Compliance Plan, Verizon had corrected the three major areas of non-compliance for which it had been previously investigated. Staff focused its investigation on how Verizon responded to commission-referred complaints, how Verizon responded to customer phone calls and requests to speak with a Verizon supervisor, and how Verizon processed Washington Telephone Assistance Program (WTAP) applications.

Staff reviewed all Verizon consumer complaints received in the commission's Consumer Protection Section (formerly the Consumer Affairs Section) for the months of June through November, 2008. Staff reviewed a total of 102 complaints.

This report summarizes the results of staff's investigation of the three areas of non-compliance staff found in previous investigations, plus staff also addresses additional rules, laws, or tariff issues that Verizon was found in violation of during this investigation.

COMMISSION-REFERRED COMPLAINT RESPONSES

Commission rules clearly state the timeframes in which companies must respond to commission-referred consumer complaints.

Verizon is aware that it must respond to commission complaints within a specific number of days. Verizon was issued violations for being non-responsive to commission-referred complaints during both 2005 and 2006. In 2005 staff issued a total of 32 violations for non-response, and in 2006 staff issued Verizon a total of 44 violations for non-response. With each violation staff notifies Verizon of the violation and the rule the company is violating. Technical assistance, that is explaining to the company how to comply with the rule, is provided at the time of each violation which means that prior to the 2007 investigation, Verizon was given technical assistance regarding responding to commission-referred complaints a total of 76 times in just two years.

Verizon, in spite of knowing the response rule requirements, did not comply with the commission rules.

2007 Investigation

During the 2007 investigation staff reviewed 118 consumer complaints filed against Verizon between January and May 2007. Staff issued violations for failure to respond to a commission-referred complaint within the time limits required by rule in 44 complaints for a total of 372 violations in just five months.

2007-2008 Compliance Plan Review

Staff found that Verizon made considerable improvement in its timely response to commission-referred complaints during the Compliance Plan Review Period of November 2007 through May 2008.

Staff reviewed 100 complaints filed between November 12, 2007 and May 11, 2008, and found only two complaints, for a total of two violations of WAC 480-120-166, for failure to respond to a commission-referred complaint within the two, three, or five days required by rule.

2008 Staff Investigation

Staff finds that Verizon has continued to respond timely to commission-referred complaints during its 2008 investigation which covered 102 consumer complaints filed with the commission from June through November 2008.

Staff found that Verizon was issued two violations in consumer complaint 104183 and two violations in complaint 104693, for a total of four violations for failure to respond timely to commission-referred complaints.

Findings

Staff finds Verizon has improved its response to commission-referred complaints and is in substantial compliance with WAC 480-120-166.

CUSTOMER SERVICE

2007 Investigation

Staff found during the five-month period of the 2007 investigation that Verizon customers continued to complain about being unable to get through to a live person, or being on hold for long periods of time when they called Verizon. Of the 118 complaints received during this period, 22 complainants stated they had a difficult time reaching Verizon. A number of customers simply called the commission to file a complaint because they could not get through to Verizon's customer service staff. Additionally, in spite of repeated contacts with the company by UTC staff during and after the period of that investigation, it did not appear that Verizon had made any changes that improved its customer service.

After asking Verizon how it planned to improve its service, Verizon responded on May 11 and May 23, 2007, with the following explanation of how it was going to improve customer service:

Regarding Verizon's plan to improve our wait time, a Customer Sales and Solutions Center (CSSC) supervisor has provided following information:

The CSSC has implemented a 1/2 hour obligatory overtime every Friday for the remainder of May 2007. In addition, the CSSC has been soliciting for voluntary overtime the majority of the days that it is not already scheduled.

Further, explaining the CSSC has limited all off-line time, i.e. team meetings have been cut back to 1/2 hour instead of 1 hour. CSSC managers schedule the majority of training on overtime, so that our actual call's during the day are not being affected.

The CSSC Management team is very focused on call-handling time and are working diligently towards improving our productivity, thus allowing us to answer more calls faster and more efficiently.

On May 24, Verizon issued another response:

Additionally, training classes will be ending in the next few weeks and 38 representatives will be available to take calls. Furthermore, approval was received to hire new representatives and the training class will begin in June and end in September.

Again on August 10, 2007, in response to yet another staff inquiry about how Verizon intended to improve its customer service, Verizon responded:

I have been advised obligatory overtime is currently in place. Furthermore, consultants are scheduled to work 5.5 hours of overtime weekly for the month of August and additional overtime may be added. The Everett CSSC currently has three training classes in session with a total of 48 students, of which 36 students are scheduled to be available to take calls on August 27, 2007, and 12 students on September 4, 2007.

Verizon is in the process of hiring 15 more employees, with a projected class start date of September 4th or 9th, 2007.

Staff found that despite Verizon’s series of process changes, Verizon did not make any meaningful improvement to its customer service from January through July of 2007, despite repeated contacts by UTC staff regarding customers’ difficulties reaching the company.

2007-2008 Compliance Plan Review

Within the Compliance Plan staff and Verizon agreed to the following Performance Measures:

	Monthly Reporting Measure	Jan-May 07	TARGET
CS 1	Average speed of answer (automated)	Provided under separate cover subject to confidentiality provisions.	30 seconds
CS 2	Average speed of answer (live), including providing customer with an option to speak to a live representative	Provided under separate cover subject to confidentiality provisions.	60 seconds
CS 3	Verizon will specially evaluate each UTC-referred complaint focused on call centers in order to assess particular facts and overall trends and to inform customer service rep education and training		No target; results to be shared monthly with UTC staff for compliance period only.
CS 4	In addition to those specific changes set forth below in 2(b)(i) – (iii), Verizon will continue to explore new methods of assisting customer service reps, including the following concepts: a) shaping hold time expectations for customers on hold with reps; b) a call back option for customers on hold with reps; c) implementing periodic check-ins for customers on hold with reps; and d) reexamining escalation procedures.		Progress and/or results to be shared monthly with UTC staff for compliance period only

Verizon Northwest, Inc. 2008 Investigation Report

	Monthly Reporting Measure	Jan-May 07	TARGET
CS 5	Weekly overtime hours logged by CSR's	N/A	No target; To be reported on a regional basis for compliance period only, and subject to confidentiality protections
CS 6	Weekly number of customers using automated call-back feature	N/A	No target; To be reported on a regional basis for compliance period only, and subject to confidentiality protections
CS 7	Percentage of complaints regarding call center	18%	No target; percentage of complaints regarding call center to be tracked and reported to UTC staff for compliance period only

Results of 2007-2008 Compliance Plan

Issue	Jan-May 07	Target	Nov 12-Dec 11	Dec 12-Jan 11	Jan 12-Feb 11	Feb 12-Mar 11	Mar 12-Apr 11	Apr 12-May 11
CS1 – Speed of answer (auto)		30 seconds	5.84 seconds	5.88 seconds	4.20 seconds	5.20 seconds	4.97 seconds	5.81 seconds
CS2 – Speed of answer (live)		60 seconds	39.13 seconds	54.24	81.89 seconds	33.33	41.03	39.79
CS3 – Evaluate call center complaints for solutions		No target – results and progress shared monthly	Thanksgiving hold complaints (action below)	Post-Christmas hold complaints (action below)	General hold time issues	General hold time/billing issues.	Billing/referral to supervisor	Billing/hold time and transfers

Verizon Northwest, Inc. 2008 Investigation Report

Issue	Jan-May 07	Target	Nov 12-Dec 11	Dec 12-Jan 11	Jan 12-Feb 11	Feb 12-Mar 11	Mar 12-Apr 11	Apr 12-May 11
CS4 – Assisting customer service reps		No target – results and progress shared monthly	Observing use of hold time; “quality blitzes” on customer relations skills; monitoring active calls; individual coaching	Observing use of hold time; 25 new staff; reviewing escalation process; bi-weekly staff reviews; reviewed billing issues; empowerment/ownership initiative	Observing use of hold time; training new employees; CSR action review	40 new employees in Feb. 100 new employees April/May	Calls routed to other centers. Recap of transactions at end of calls. Call Center specialization.	Monitor use of hold, and actions taken. New staff still being added. Continuing recap of calls. Call Center specialization. Extra help for peak call times.
CS5 – Overtime hours logged		No target – reported on regional basis	21 hrs	12 hrs	9.5 hrs	3 hours	1 hour	4.5 hours
CS6 – Number of auto call-backs		No target – reported on regional basis	2,640	2,539	2,184	2,531	4,990	4314
CS7 – Percentage of complaints regarding call center	18%	No target – results and progress shared monthly	32%	42%	25%	23%	5.5%	40%

This portion of the 2007-2008 Compliance Plan has only two targets, that the average speed of answering automated and live calls not exceed 30 or 60 seconds. Verizon met those targets.

Staff found that Verizon made a number of changes that have influenced its customer service contacts. Verizon reported to staff that it hired and trained new employees who are staffing the company’s customer service lines; installed an automated call-back feature where customer could hold for a representative or have their call returned automatically the same business day; and, established mandatory customer service overtime on Mondays to address the high call volumes on that day of the week. These and other changes show Verizon has made a number of attempts to address its customer service issues.

While staff found that each change Verizon implemented may have provided some customers with better customer service, the impact for Washington consumers was not improved. The only Compliance Plan item that truly reflects the actual Washington customers' experience is "CS7 – Percentage of Complaints Regarding Call Center." With the exception of the period of March 12 through April 11, 2008 (at 5.5 percent), Verizon's commission-referred complaints relating to a bad experience with Verizon's call center were higher during the compliance period than before (18 percent) ranging from 23 percent to 42 percent of all complaints received at the commission.

Results of Compliance Plan Findings

While Verizon met its two targets, e.g. average speed of answer (automated) and average speed of answer (live), and it appears to have made a number of changes to its customer service processes that address some customer issues, Verizon did not improve its percentage of complaints related to its service to Washington customers.

2008 Staff Investigation

Staff reviewed 102 consumer complaints filed between June 1, and November 30, 2008. Of those complaints staff found 13 complaints mentioned that the customer was frustrated with being unable to get through to talk with a representative, or was unable to speak with a supervisor if requested. Examples of customer comments noted in consumer complaints:

Complaint 103859

"Customer requested the Washington Telephone Assistance Program (WTAP) be added to her account. She called Verizon the evening of 6/10/08 and was refused three times. She requested a supervisor and was told one wasn't available for two or three days."

Complaint 103857

"Customer lives in County has been billed the city tax, he thinks it could be since 1999. He called Verizon on 6/6 and asked about the tax. They told him they could not help they don't set the tax rate."

Complaint 103847

"Customer's number is unpublished since August 2007. It was finally changed to listed on June 6, 2008. The business was supposed to be listed under Embroidery. She discovered it was unlisted when customers finally located her and told her the business number was not in the book nor listed on directory service listings such as 411. The customer wants assurance that Verizon has contacted all the directory service providers that her number is listed. She also experienced long waits on hold. It took her two days to get hold of Verizon."

Verizon Northwest, Inc. 2008 Investigation Report

Complaint 103944

“Customer says that he contacted Supv. at Verizon on 6/24, she stated that she would look into it and get back to him. No call back.”

Complaint 104171

“Customer is trying to resolve a billing problem regarding his bundled package. Customer spent several hours last month and this month waiting on hold and being shuffled from one department to another. Issue is still not resolved.”

Complaint 104062

“Mr. has discovered that he has been erroneously billed for a third line for about 18 months. He has spoken with Verizon who acknowledges this. Mr. has paid what he believes he owes and about \$600 is in dispute. His phones were shut off yesterday. Mr. states he would speak with a Verizon Rep if one would call. He was on hold for over 45 minutes yesterday waiting for a Supervisor and was told one would call him yesterday, however, it is now 20+ hours later and still no call.”

Complaint 104105

“Customer's service has been disconnected on 7/16/08, after posting a payment to stop the disconnect on 7/15/08. The customer made a payment of \$250 on 7/15/08 using the Co. automated payment system (confirmation #06326). The system stated the payment would be posted to her account within 2 hours. The customer then called Verizon to report the payment, which took her to a voice confirmation system. She left a VM with the payment info. Her Verizon confirmation number is #06326. When she called today to find out why her service was disconnected, rep. Doug told her he didn't see the payment and told her to call her bank. The customer called her bank (BECU) and was told the payment was posted to Verizon on 7/15/08 at 11:30 a.m. Doug also refused to let her speak to a supervisor.”

Staff issued one violation of WAC 480-120-165 for failure to allow a customer to speak with a company supervisor. The violation occurred on July 16, 2008.

Complaint 104165

“The first week in April, she spoke with a rep. that went over her Lifeline application with her she had sent to the company at an earlier date. That rep. told her she was on the Lifeline program and her bill would be about \$10 a month. He also told her that if she received a bill higher than that to call the company's 800 number. Ms. contacted the company in May and June. Ms. called the company again the end of June when she received a disconnection notice. During that conversation, the company rep. told her they had no record that she was on Lifeline. Ms. asked the rep. if she could talk to her supervisor and get back to her. Ms. has attempted to contact Verizon 4 other times since and still has not received a return call.”

Verizon Northwest, Inc. 2008 Investigation Report

Complaint 104261

“Ms. states that she is trying to get her sister on Lifeline assistance when she became eligible on June 1, 2008. Verizon continues to state they have it resolved and then Ms. gets her bill and she is not getting Lifeline Assistance... Ms. has also asked to speak with a supervisor and has been told she cannot speak to one because no one is available and eventually the rep. transferred her to the collections department. The collections department stated to her that her bill was not overdue and not sure why she was transferred to collections.”

Complaint 104341

“Mr. first requested that they come off Verizon long distance program on June 7, 2008. He has made the same request three more times, however, he continues to be billed. Mr. also states he has made three additional calls to Verizon where he has been on hold for 45 minutes and just gives up. He states his wife has also been on for the same amount of time twice.”

Complaint 104479

“Consumer unable to get through to Verizon NW (1-800-483-4000 or 1-800-408-9692). Can't speak to a representative. Get a busy when opting out for Verizon Customer service representative.”

Complaint 104657

“Customer called to say she is qualified for WTAP. Tried to contact the company to get WTAP on the account. Says that she called was put on hold for 4 hours. Says this happened Monday Sept. 29. Customer wants WTAP on her phone. Why was customer not able to speak with a Rep. that could help her. Called company, then tried "live chat" was given different number to call, after she spent 20 minutes with "live chat" before the Rep. advised she couldn't help her.”

Complaint 105000

“Mr. states that his name should be on the bill as well as his wife. The company continues to say they will verify with Ms. to add him to the account, however, he is still not listed on the account. When Mr. asked to speak with a supervisor, he was told one was not available and was not offered to be able to leave a message to have one call him back. Mr. also asked for phone number for the agency that has regulation over them and was told by Art (employee #Z70950) they did not know who that was or the number.”

Staff issued two violations. One violation of WAC 480-120-165(2)(e), failing to allow the customer to speak with a supervisor, and one violation of WAC 480-120-165(2)(f), failing to provide the customer with the UTC phone number.

Findings

While staff finds that Verizon's complaints that refer to customer service have decreased in percentage to approximately 13 percent of complaints received (13 out of 102 complaints), staff still finds that customer service is an issue with Verizon.

As shown in the complaints quoted above, customers are being told they cannot speak with a supervisor, placed on hold for lengthy periods of time, and representatives failing to call customers back after telling customers they would return their calls.

Verizon continues to provide poor customer service, and it's Verizon's poor customer service that requires customers to file complaints with the commission in order to get their complaints resolved. Verizon has, however, made some improvement over previous investigations. Staff believes that Verizon can continue to improve its customer service.

Recommendation

Staff recommends Verizon continue to meet with commission staff to discuss ways to improve its customer service and continue to decrease complaints and violations regarding its customer service.

WTAP CUSTOMER COMPLAINTS

Background

In its 2005 review of Verizon complaints, staff found an increasing number of complaints from Washington Telephone Assistance Program applicants where the proper billing for WTAP was delayed, or information given to the customer about WTAP applications and service was incorrect or misleading.

2007 Investigation

In staff's 2007 investigation, staff found that Verizon did not process WTAP applications in a timely manner, charged improper rates to customers who should be billed at WTAP rates, and in some cases allowed a WTAP-qualified customer to subscribe to a calling package that included numerous optional features, then denied the customer the WTAP discount because the customer had a calling package rather than basic service only.

While the UTC does not administer the WTAP program, it does assist customers with billing or disconnection issues who believe they have been charged improper rates for services that should fall under the WTAP discounts.

Staff found that Verizon failed to process WTAP applicant's request for service in a timely or efficient manner. It appeared that Verizon's WTAP application processes delay or in some cases, deny an applicant's right to WTAP services.

Staff recorded a total of 30 violations of RCW 80.36.130 during 2007.

In its investigation report, staff recommended that staff meet with Verizon representatives to discuss the WTAP application process and determine if the process could be improved to make it more efficient and available to the customers using the service.

2007-2008 Compliance Plan Review

In the 2007-2008 Compliance Plan, staff and Verizon agreed to the following measures to determine if Verizon improved its WTAP processes.

	Monthly Reporting Measure	Jan-May 07	TARGET
WT 1	Verizon will specially evaluate each UTC-referred complaint focused on WTAP administration in order to assess particular facts and overall trends	N/A	No target; results to be shared with UTC staff for compliance period only

Verizon Northwest, Inc. 2008 Investigation Report

	Monthly Reporting Measure	Jan-May 07	TARGET
WT 2	Initiate one educational bill insert regarding WTAP and the tribal program to all customers – for pre-print review by UTC staff	None	Mailed by 2/29/08
WT 3	Create WTAP/tribal program education policy and script for associates to use during collection/threat of disconnect/payment arrangement interactions – for pre-print review by UTC staff	None	Implemented by 3/31/08
WT 4	Percentage of complaints regarding WTAP	15%	No target; percentage of complaints regarding WTAP to be tracked and reported to UTC staff for compliance period only

The following are the changes Verizon told staff it made to its WTAP processes that were included in the Compliance Plan:

“This component of the Compliance Plan is designed to address three specific issues related to the Washington Telephone Assistance Program (WTAP):

- (1) ensure that requests for WTAP services are processed in a timely manner by all the relevant Verizon lines of business;
- (2) ensure that Verizon customer representatives forward all customer requests for WTAP service, including those instances where only the customer name is provided, to the Verizon Service Center, which will in turn forward said requests to the state Department of Social and Health Services for eligibility confirmation;
- (3) inform WTAP customers who seek bundled services that Commission rules prohibit WTAP pricing on bundled services, and reiterate that the WTAP pricing is available for stand-alone, basic service.”

Verizon stated it had taken the following steps to ensure WTAP compliance:

- “Customer service representatives have been provided written instruction to request, but not insist upon, WTAP customers providing a client identification number as part of their request for WTAP assistance. If a client identification number is not provided, the customer service representative will still forward the application to the processing center, which in turn by the end of the next business day will request verification of eligibility for WTAP from the WA State Department of Social and Health Services (“DSHS”). Whether or not client identification is

provided, Verizon will process the application and start the customer on WTAP upon verification by DSHS.

- Customer service representatives have been provided written instructions to educate WTAP-eligible customers that they are not allowed under UTC rules to receive WTAP pricing on bundles and/or package plans. A copy of the written instruction is to be provided to the UTC.
- A process for “spot checking” (i.e., listening into) customer service representative WTAP calls has been initiated to ensure compliance with WTAP rules. A copy of this written process is to be provided to the UTC.
- An internal Verizon WTAP subject matter expert has been designated to resolve all escalated WTAP complaints: Gregory E. Bell, Sr., Senior Staff Consultant; phone 215-549-1728; email gregory.e.bell.sr@verizon.com.
- An internal Verizon executive has been designated to ensure ongoing compliance with the WTAP commitments referenced in this document: Jeanmarie Milla, Vice President; phone 908-559-2635; email jeanmariemilla@verizon.com.”

Results of the 2007-2008 Compliance Plan

At the end of the compliance period (May 2008), the following chart was prepared to show the results of the compliance effort.

Issue	Jan-May 07	Target	Nov 12-Dec 11	Dec 12-Jan 11	Jan 12-Feb 11	Feb 12-Mar 11	Mar 12-Apr 11	Apr 12-May 11
WT1 – Evaluate WTAP complaints for solutions		No target – results and progress shared monthly	WTAP bill not reflecting correct pricing	Conducting internal training/coaching. Exploring verification streamlining.	Training and coaching; identifying CSR’s in WTAP complaints and coaching; 2/11 began 30-day trial of twice daily calls to DSHS for verification	March 5 started new e-mail process with DSHS.	Continued coaching and training	Continued internal training and Customer Advocacy Group identifies reps for further training. Continues new process with DSHS.
WT2 – WTAP bill insert		Mailed by 2/29/08	Draft received 12/24/07 Final draft received 1/9/08	Finalized and sent to printer 1/10/08	Distribution in February	Completed	Completed	Completed

Verizon Northwest, Inc. 2008 Investigation Report

Issue	Jan-May 07	Target	Nov 12-Dec 11	Dec 12-Jan 11	Jan 12-Feb 11	Feb 12-Mar 11	Mar 12-Apr 11	Apr 12-May 11
WT3 – WTAP/tribal program policy and script “job aid” for CSRs		Implemented by 3/31/08	Reported as in development	Reported as in development	Job aid approved by commission staff and distributed to V call centers	Completed	Completed	Completed
WT4 – Percentage of complaints WTAP	15%	No target – results and progress shared monthly	26%	25%	20%	15%	22%	20%

Two of the four issues (WT2 and WT3) were completed by Verizon in February and March 2008. Staff found that the distribution of a WTAP and Tribal Program educational bill insert, and the creation of the WTAP and Tribal Program educational policies and training for Verizon associates were valuable and relevant actions to take. Both were completed timely by Verizon.

The remaining two WTAP issues: Evaluating complaints to assess WTAP issues and trends, and the percentage of commission-referred consumer complaints regarding WTAP were divided on improvement shown. While staff found that Verizon made some substantial changes to its WTAP processes that appeared to be successful in improving some WTAP customer’s experience, the actual number of commission-referred complaints increased. With the exception of the one month between February 12, 2008, and March 11, 2008, the percentage of WTAP complaints recorded against Verizon was higher during the compliance period than during the initial preliminary investigation timeframe.

Staff found a significant number of violations of WTAP rules during the compliance period. Staff found that Verizon was issued 36 violations of RCW 80.36.130, for charging improper WTAP rates in the 19 WTAP-related complaints filed between November 2007 and May 2008.

Verizon told staff it had made a number of positive changes to its processing of WTAP applications. Some of the changes include not requiring a customer’s DSHS Identification Number before beginning the WTAP process; processing applications for WTAP more timely and in closer cooperation with DSHS; informing customers that they may not have bundled services and the WTAP discount at the same time; and, establishing WTAP subject matter experts to resolve escalated issues or complaints. However, it does not appear that the new processes were adequately instituted across all lines of Verizon’s customer service representatives.

While services improved for some customers during the compliance period, commission staff continued to find customers who complained to the commission that they were frustrated with Verizon’s WTAP application process and were still being billed improper charges for WTAP in spite of staff’s on-going technical assistance to Verizon.

2008 Staff Investigation

Staff reviewed 102 consumer complaints during its 2008 staff investigation. These consumer complaints were filed against Verizon from June 1, 2008, through November 30, 2008. Of the 102 Verizon consumer complaints reviewed, a total of 34 complaints were WTAP application process and WTAP rate complaints.

One-third of all Verizon complaints are WTAP related.

Of the 34 WTAP complaints, staff issued violations of RCW 80.36.130, for charging improper rates and charges in 19 of them, for a total of 49 separate violations of the statute.

RCW 80.36.130 states, in part:

Published rates to be charged — Exceptions.

(1) Except as provided in RCW [80.04.130](#) and [80.36.150](#), no telecommunications company shall charge, demand, collect or receive different compensation for any service rendered or to be rendered than the charge applicable to such service as specified in its schedule on file and in effect at that time, nor shall any telecommunications company refund or remit, directly or indirectly, any portion of the rate or charge so specified, nor extend to any person or corporation any form of contract or agreement or any rule or regulation or any privilege or facility except such as are specified in its schedule filed and in effect at the time, and regularly and uniformly extended to all persons and corporations under like circumstances for like or substantially similar service.

The following summary shows the consumer complaint tracking number, the months in which the improper WTAP billing occurred, and the number of violations issued:

Complaint Number	Months of Improper Billing	Number of Violations
103859	June 2008	1
103864	June 2008	1
103933	March –June 2008	4
103972	February – June 2008	4
104165	January – June 2008	6
104006	May-June 2008	2
104024	June 2008	1
104027	May-June 2008	2
104160	May-July 2008	3
104183	May-July 2008	3

Verizon Northwest, Inc. 2008 Investigation Report

Complaint Number	Months of Improper Billing	Number of Violations
104261	July 2008	1
104288	June-July 2008	2
104635	August-September 2008	2
104497	July 2008	1
104656	September 2008	1
104768	September-November 2008	3
104873	May-August 2008	4
105020	September-November 2008	3
104308	March-July 2008	5

Verizon consistently fails to properly process a WTAP applicant’s request for service. Verizon has failed to continue to train its customer service representatives how to process Washington State WTAP requests. Even when the customer has completed the WTAP process with Verizon, Verizon fails to properly credit installation charges, or fails to properly bill the customer WTAP-approved rates or credits in spite of years of staff providing technical assistance to Verizon. The following statements taken from consumer complaints, and issuance of violations by staff, indicate consumer’s frustration and Verizon’s ongoing non-compliance with the WTAP rules:

Complaint 103859

“Customer requested the Washington Telephone Assistance Program (WTAP) be added to her account. She called Verizon the evening of 6/10/08 and was refused three times. She requested a supervisor and was told one wasn't available for two or three days.”

Violation¹: One violation of RCW 80.36.130(1) for charging (billing) a different compensation than stipulated in the tariff. Company placed customer on Lifeline as of 6/12/08. Billing cycle is the 16th of the month yet credits were not on the 6/16/2008 but on the 7/16/08 billing cycle.

Complaint 103864

“Customer advised that she is WTAP qualified about beginning of May. Customer has received two bills since advising of request for WTAP. Both do not include the discount. Customer wants proper discount on her ongoing bill.”

Violation: One violation (RCW 81.36.130) recorded for delay in processing WTAP order and for improper billing on June 1 bill that did not reflect WTAP rate.

¹ As recorded by staff in each consumer complaint activity.

Complaint 103933

“Ms' telephone service is subject to being disconnected by Verizon due to Ms' unpaid balance owing which Ms has been disputing. Ms' Client ID number is *****. Ms is qualified to receive the benefits afforded under the discounted telephone service through the Washington Telephone Assistance Program (WTAP). However, Verizon has failed to allow Ms those benefits. Ms has notified Verizon as far back as on 3/03/08 of her qualifications to receive the discounted telephone services through the WTAP yet Verizon has continued to bill Ms monthly reoccurring charges at non-WTAP rates.”

Violation: Four (4) violations of Revised Code of Washington (RCW) 80.36.130(1) Published rates to be charged - Exceptions, against Verizon Northwest Inc. (Verizon), for incorrectly billing this customer rates and charges listed in the company's tariff/price list, specifically, for failing to afford this customer the discounted rates allowed under the WTAP/Lifeline in a timely manner. (3/2008 - 6/2008 = 4 improper bills = 4 violations)

Complaint 103972

“Customer requested phone service and provided her client ID# (*****27) for WTAP eligibility. Company did not qualify her timely and customer was disconnected for non-payment which resulted in additional fees.”

Violations: Four violations– RCW 80.36.130 – Company did not apply WTAP rate from 2/27/08 until 6/27/08.

Complaint 104165

“The first week in April, she spoke with a rep. that went over her Lifeline application with her she had sent to the company at an earlier date. That rep. told her she was on the Lifeline program and her bill would be about \$10 a month. He also told her that if she received a bill higher than that to call the company's 800 number. Ms. Contacted the company in May and June. Ms. Called the company again the end of June when she received a disconnection notice. During that conversation, the company rep. told her they had no record that she was on Lifeline. Ms. Asked the rep. if she could talk to her supervisor and get back to her. Ms. Has attempted to contact Verizon 4 other times since and still has not received a return call. Ms.' States she picked up her phone on June 28, 2008, to find out she was disconnected. She has attempted to contact Verizon regarding her disputed bill and that she should be on Lifeline, the company only wants to discuss her making arrangements to pay the balance of \$99. Ms. Mailed in a check in the amount of \$40 to pay for 4 months of service. She believes she does not owe the company so much because she is eligible for Lifeline. Her client ID number is 50*****.”

Violations: Six violations of RCW 80.36.130 because this customer was not billed correctly from January to June 2008.

Verizon Northwest, Inc. 2008 Investigation Report

Complaint 104006

“Consumer is disputing approximately \$118.27. She is on WTAP and should not have been charged the installation fee (\$65.50?). Moved to new residence on June 1 but installed the phone on May 1 (one month early because she was afraid of losing her phone service). Installation should have been free. Verizon NW should have cancelled the WTAP on her old number (360-675-6826) and put WTAP on her new number (360-675-8782). DSHS Client ID – 48*****.”

Violations: Company failed to bill tariffed rates in accordance with RCW 80.36.130 for 2 months (May and June). Recorded 2 violations. The initial order (0N6652454) was taken May 5, 2008. WTAP notes are on the initial order. This order did include her DSHS case#. The order was released by the CSSC representative, but they failed to properly route the order to the LLU queue to confirm eligibility.

Complaint 104024

“She is being charged a connection fee in the amount of \$14.32 and should not be because she is a WTAP customer.”

Violation: Consumer was billed for a service charge and should not have been because she is a WTAP customer. One violation of RCW 80.36.130, June 2008.

Complaint 104027

“Ms. is eligible for WTAP and asked for this service. Her on-going monthly bills do not reflect WTAP monthly rates. There was no discount on installation either. Verizon has been called each month since installation. The latest reason is that they are waiting for a number which they state is not required, but they are waiting for it none-the-less. Ms. does not wish to have the company contact her. DSHS Client ID 20*****.”

Violation: Two violation counts of RCW 80.36.130(1)... no telecom company shall charge, demand, collect or receive different compensation for any service rendered or to be rendered than the charge applicable to such service as specified in its schedule [May, June]. Customer identified the service to be WTAP the end of April and gave client ID and date of birth for processing eligibility at that time, however, the WTAP rate was not then applied.

Complaint 104160

“My husband Robert D. Goodwin is a Medicaid recipient. When it became necessary for him to go to an assisted living community I called Verizon and inquired about the assistance program for Medicaid recipient, the Universal Lifeline Credit. On 4/22/08 I order a telephone connection, gave the person taking the order Mr. Goodwin's Client ID No: 0047*****. I was told that there would be no connection or installation charges. I then received a letter dated 4-23-08 confirming order No. 16584860 and which stated that applicable discounts would show on the the bill. The bill dated 5/16/08 showed no discounts.

Verizon Northwest, Inc. 2008 Investigation Report

I called Verizon billing on 6/4/08, talked to Lori, gave her the Client ID number again was was told to wait two weeks. The next bill dated 6/10/08 again showed installation charges. I called Verizon on 6/20, was transferred several times and after holding for 20 minutes, I hung up. On 6/25 I tried again and talked to Jean. In the meantime the telephone had been disconnected. However, Mr. Goodwin was in the hospital so I was unaware of the disconnect. Jean listened to all the details, reconnected the phone and transferred me to Sybel in billing who transferred me to John in Service. John did call me back in 2 days to tell me there was no record of being informed of Medicaid at the time of the original request. He referred me to the Life Line Program at 1-800-545-6700 which turned out to be a porno number. I was then referred to 888-426-5188 which turned out the be Florida Lifeline.

When I called in again I was referred to Linda of the Wa. Telephone Assistance Program. I talked to her on 7/2/08. She referred me back to Verizon to department L.L.U.Q. No one at Verizon knows what Dept. L.L.U.Q. is. I called Linda back. She checked with Verizon and told me that they have no record of a client ID number at the original order time and that I should file a complaint with the WA Utility and Transport Commission. Obviously this is a long story and seems rather humorous unless you are on the receiving end. Mr. Goodwin is a Medicaid recipient. He is a paraplegic due to a spinal cord tumor. He is allowed to keep \$61.00 of his monthly Social Security benefit which needs to cover telephone, cable and any personal needs. The rest goes for his care in assisted living. Obviously he cannot pay for installation of a telephone. We would appreciate any assistance you can give us.”

Violations: Three violations of RCW 80.36.130, Co. did not apply WTAP rate on the May 16, June 16 and July 16 bill.

Complaint 104183

“Ms' telephone service is subject to being disconnected by Verizon today (7/28/08) due to Ms' unpaid balance owing which Ms has been disputing. Ms is qualified to receive the benefits afforded under the discounted telephone service through the Washington Telephone Assistance Program (WTAP). However, Verizon has failed to allow Ms those benefits. Ms notified Verizon as far back as on 4/18/08 when she applied for new service of her qualifications to receive the discounted telephone services afforded through the WTAP yet Verizon has continued to bill Ms monthly reoccurring charges at non-WTAP rates. Ms simply asks Verizon to correct her account: provide her the discounted telephone rates allowed through the WTAP; and credit her account the overcharges she has paid since her new service was initiated on 4/18/08.”

Violations: Three (3) violations of Revised Code of Washington (RCW) 80.36.130(1) Published rates to be charged - Exceptions, against Verizon Northwest Inc. (Verizon), for incorrectly billing this customer rates and charges listed in the company's tariff/price list, specifically, for failing to afford this customer the discounted rates allowed under the WTAP/Lifeline in a timely manner. (5/2008 - 7/2008 = 3 improper bills = 3 violations)

Complaint 104261

Ms. states that she is trying to get her sister on Lifeline assistance when she became eligible on June 1, 2008. Verizon continues to state they have it resolved and then Ms. gets her bill and she is not getting Lifeline Assistance. Her sister's client ID number is 50759678. Ms. has also asked to speak with a supervisor and has been told she cannot speak to one because no one is available and eventually the rep. transferred her to the collections department. The collections department stated to her that her bill was not overdue and not sure why she was transferred to collections. Ms. would like her sister to be given the Lifeline Assistance credit from June 1, 2008, when she was eligible.

Violation: One violation of RCW 80.36.130 for not billing this customer the published rate to be charged for WTAP. (July 2008)

Complaint 104288

“Customer opened account with Verizon on June 5, 2008. At that time, the customer says she requested WTAP credits and provided the Client ID Number. Ms says that she has yet to receive any WTAP credits. The customer says that Verizon tells her the reason the credits have not applied to the account is that Washington Department of Social and Health Services has not contacted the company.”

Violation: Verizon failed to bill the customer properly (as a WTAP customer) on his June 28, and his July 28, 2008, bills. Staff recorded one violation of RCW 80.36.130 for each of these two bills, for not applying WTAP credits.

Complaint 104308

“Ms stated in her call that Verizon has refused to correct her account allowing her the discounted rates/charges offered through the Washington Telephone Assistance Program (WTAP). Ms states on 8/10/07, she received a letter from the Washington State Department of Social and Health Services (DSHS) advising her she was eligible for the discounted rates/charges offered through the WTAP. Ms states further that she then contacted Verizon and notified Verizon of her eligibility status, then providing Verizon her Client ID number (50143916) requesting service utilizing those discounted rates/charges. Ms states she later called Verizon on 1/05/08, again requesting her account be corrected to reflect her WTAP status and Verizon told her she would be sent an application to complete and then send back to Verizon. However, Ms has never received the application from Verizon, Ms forgot about the issue until she again received another letter from DSHS reminding her she was qualified for the discounted rates/charges afforded under the WTAP, causing Ms to contact the commission since Verizon failed to keep to its commitment. Ms simply asks Verizon to correct her account to reflect the fact that she is qualified for the discounted rates/charges afforded under the WTAP, and credit her account the charges she has overpaid to her account due to Verizon's failure to keep to its commitment in properly establishing her WTAP account.

Verizon Northwest, Inc. 2008 Investigation Report

Violations: Five violations of Revised Code of Washington (RCW) 80.36.130(1) Published rates to be charged - Exceptions, against Verizon Northwest Inc. (Verizon), for incorrectly billing this customer rates and charges listed in the company's tariff/price list, specifically, for failing to afford this customer the discounted rates allowed under the WTAP/Lifeline in a timely manner (March-July 2008).

Complaint 104635

"Mr. has a disconnect threat for 9/28/08. He has not made a payment yet, as he has been waiting for WTAP credits to be applied so he knows how much to pay. The customer signed up for WTAP telephone service approx. 2 months ago, however, has not received any credits. When he called the Co. he was told Verizon can't apply WTAP on his account until his service is interrupted [sic]. Mr. has been billed \$92. Mr. does not want his service interrupted [sic], wants the WTAP credits applied to the account, and he needs a correct balance so he can pay his bill."

Violations: Two violations of RCW 80.36.130 for not billing the customer WTAP rates on August 19, and Sept. 19, 2008.

Complaint 104497

"Customer called to say that he is eligible for WTAP discount. Customer says that he contacted Verizon about 2.5 months ago and this was to be set up. Says that the last 2 bills do not reflect the discount. Wants WTAP added to bill. Please contact DSHS for client id Number.

Violations: Customer eligible for WTAP July 9, 2008. July 28, 2008 bill did not reflect the WTAP discount. (One violation of RCW 80.36.130.)

Complaint 104656

"Customer's service was disconnected about one week ago. He said he did not receive notices. He had received a bill for \$105. He is low-income and could only pay \$25. He paid the \$25 about the beginning of September as he receives his check on the 3rd of each month. About one week after that payment, his service was restricted to inbound calls only. He called Verizon since his bill was so high, \$36 per month, and he should be on Lifeline, local service only. The Verizon rep told him he was ineligible for Lifeline in June. He knows he is still eligible for the telephone assistance program as he receives food stamps... I thought that Lifeline was effective the date the customer notified the phone company of eligibility. From your 10/3/08 e-mail to me, the account note for 9/23/08 indicates the customer told the rep at that time that he should still be WTAP eligible. I think the rep should have put the customer in the WTAP queue at that time as clearly the customer believed he was still eligible. I believe WTAP credit should be issued prior to 10/7/08 especially since DSHS told Verizon he was re-eligible on 7/3/08."

Violation: One violation of RCW 80.36.130(1) for charging a different compensation than stipulated in the tariff. Customer called the company on 9/23/08 requesting WTAP again. He was not billed the WTAP rate nor placed on the program at that time.

Complaint 104768

“Customer signed up for WTAP service with the Co. approx. the first of September, but does not believe she has received the WTAP credits on her bill. Said her most recent bill has a balance of \$48.19.”

Violations: This complaint can be closed with 2 violations of RCW 80.36.130 for not billing this customer the published rate to be charged for WTAP. I did have to cite one additional violation of RCW 80.36.130 for not issuing the WTAP credits in November. 3 violations Sept, Oct, Nov. 2008.

Complaint 104873

“Ms. has been trying to get service since May 14, 2008, as a WTAP customer. Her service was not established until August 12, 2008. She Ms. has not been able to receive her credits and would like the company to credit her account and start billing her accurately.”

Violations: I am recording 4 violations of RCW 80.36.130 for not billing this customer correctly May, June, July and August 2008. The company should have changed this customer’s plan so that she would be able to get the WTAP credits when they requested it on May 14, 2008, as confirmed by the caseworker’s records.

Complaint 105020

“Customer requested WTAP/Lifeline service on June 19, 2008. The phone service was formerly in her sister's name (Bonnie Stich, who is her durable power of attorney). To date the customer has not received any WTAP credits. When Bonnie called she was told not to pay the bill, as there would be a credit, however, the credits have not been issued. The bill due at this point is \$90.87, however, the customer needs the Co. to issue credits due to WTAP eligibility, so they know their actual balance due.”

Violations: Three violations RCW 80.36.130 - Co did not apply WTAP rate on the 9/08, 10/08, and 11/08 bills.

Improper Notices

In addition to Verizon’s failure to properly process WTAP requests and apply WTAP credits to applicants’ accounts, Verizon threatens to disconnect service for customers who did not receive WTAP credits and choose not to pay their improper bills. Verizon issues written disconnect notices and places disconnect notice calls to customers based on inaccurate account records. When Verizon fails to apply the WTAP credits to the customer’s account and customers fail to pay their incorrect bills, Verizon begins discontinuation of service actions that include improper charges on the disconnect notices. In some cases customer’s service is disconnected even though the billing amount is incorrect.

Complaint 103864 is an example of improper notices due to Verizon's improper billing. The complaint states in part:

"Customer advised that she is WTAP qualified about beginning of May. Customer has received two bills since advising of request for WTAP. Both do not include the discount. Customer wants proper discount on her ongoing bills. Customer states that most recent bill is about \$300."

Staff recorded 2 violations of WAC 480-120-172(8)(d) for improper phone attempts on May 27 and on June 6. Phone attempts were based on improper balances owing because WTAP had not been applied. Staff recorded 1 violation of WAC 480-120-172(7)(a)(ii) for the June 1, disconnect notice. The notice amount was incorrect as customer was billed improperly.

Other complaints where violations for improper notices were recorded:

Complaint 103933

WAC 480-120-172(7) disconnect notices included improper amounts (no WTAP credits). 2 violations, May, June 2008. WAC 480-120-172(8) telephone call notices included incorrect amounts (no WTAP credits). 2 violations, May, June 2008

Complaint 103972

WAC 480-120-172(7)(a)(ii) - disconnect letters did not have accurate amounts. two violations 3/3/08 & 6/1/08 (WTAP credits had not been applied). WAC 480-120-172(8)(d) - telephone call to customer did not reflect the correct amount owed 6/2/08. 1 violation. WAC 480-120-172(3)(c) - improper disconnect, one violation 4/15/07 (WTAP credits had not been applied).

Complaint 104160

WAC 480-120-172(7)(a)(ii) improper disconnect notices, 1 violation, June 2008. WAC 480-120-172(8)(d) improper phone notices, 4 violations, June, July 2008. WAC 480-120-172(3)(a) improper disconnect, WTAP not applied to account. 1 violation, June 2008.

Complaint 104183

WAC 480-120-172(3)(a) improper disconnect, WTAP not applied to account. 1 violation, June 2008. WAC 480-120-172(7)(a)(ii) improper disconnect notices, 2 violations, June, July 2008. WAC 480-120-172(8)(d) improper phone notices, 3 violations, June, July 2008.

Complaint 104308

WAC 480-120-172(7)(a)(ii) improper disconnect notice, one violation June 2008. WAC 480-120-172(8)(d) Improper disconnect calls, 5 violations (5 calls, April, May, June 08). WAC 480-120-172(3) improper notices, 2 violations April/May 2008.

Complaint 104768

WAC 480-120-172(7)(a)(ii), disconnect letter sent 9/21 did not have accurate amount owed as WTAP credit not applied. 1 violation recorded.

Staff found a total of 32 violations for improper disconnect notices or disconnect phone calls.

Findings

The Washington Telephone Assistance Program provides assistance to many low-income households, including many senior citizens. WTAP was designed to ensure low income families have access to affordable telephone service. In addition to paying for some or all of the cost to start the consumer's phone service, it also allows installation of service without having to pay a deposit when the customer signs up.

Eligible consumers have the expectation that when they contact Verizon and ask that their telephone service be provided under the benefit of the WTAP program, that Verizon will honor its obligation to establish service and apply the proper WTAP credits.

Verizon does not do that.

Verizon assured staff during the Compliance Plan discussions that it had made significant changes to its WTAP processes and that those changes would improve the service given to WTAP applicants.

Verizon's WTAP services have not improved.

Staff finds that the technical assistance provided to Verizon during the processing of consumer complaints has not corrected Verizon's WTAP billing and application issues. Staff finds that informal meetings and discussions between Verizon representatives and commission staff has not corrected Verizon's WTAP billing and application issues. Staff finds that agreeing to a Compliance Plan, and ensuring during the Compliance Plan period that its processes would come into compliance with commission rules and state law has not corrected Verizon's WTAP billing and application issues.

Based upon the history of Verizon's failure or refusal to comply with statutes and commission rules and the fact that the issuance of violations, compliance plans, and education have not been effective to ensure Verizon's compliance with the rules and statutes pertaining to telecommunication carriers, staff recommends Verizon be penalized for its ongoing non-compliance with RCW 80.36.130.

Recommendation

Staff recommends that the commission issue a penalty of \$1,000 per violation for each of the 49 billing violations of RCW 80.36.130 found during this audit. Total penalty of \$49,000.

IMPROPER BILLING – CITY TAXES

In addition to the previously acknowledged areas of Verizon's non-compliance with commission rules, staff also found during its review of the consumer complaints filed between June 1 and November 30, 2008, that five customers complained they were being billed for city taxes even though their service locations were outside city limits. These customers had contacted Verizon, informed it that billing the city tax was improper when the service was actually provided outside the city limits, but Verizon failed to correct the billing or properly investigate the issue. These customers contacted the UTC for resolution.

Staff recorded 588 violations for improper billing of city taxes under RCW 80.36.130 for complaints filed during the six-month audit period. In staff's view, the high number of violations warranted a more in-depth investigation of this issue, as reflected in this section of staff's investigation report.

Investigation Process

When Consumer Protection staff receives a complaint regarding the alleged improper billing of city taxes, staff conducts a two-fold investigation. First, staff investigates the complaint of the individual consumer who originally filed the complaint. Staff will determine if improper billing occurred, if refunds are due the customer for the improper tax charges, and record a violation for each improper bill issued. Second, staff will ask the company if any other customers in the same geographical area are also being improperly billed. If other customers are affected staff will ensure refunds are provided to those additional customers, and record violations for the total number of improper bills issued.

Staff found during this audit period the following complaints and total violations recorded:

- Complaint 103857 – 96 violations (four customers)
- Complaint 103886 – 24 violations (one customer)
- Complaint 103903 – 240 violations (ten customers)
- Complaint 104307 – 204 violations (ten customers)
- Complaint 104989 – 24 violations (one customer)

Staff recorded a total of 588 violations.

The following show a summary of each tax billing complaint:

Complaint 103857

“Customer lives in county has been billed the city tax, he thinks it could be since 1999. He called Verizon on 6/6 and asked about the tax. They told him they could not help they don't set the tax rate.”

[Customer]Violations: “...24 violations of RCW 80.36.130.Verizon billed the city tax to county resident. 24 violations from - July 06 - June 08”

Verizon Northwest, Inc. 2008 Investigation Report

Additional violations: "...72 additional violations of RCW 80.36.130 for the 24 months of taxes on the 3 additional customers. 3 customers: (Hirschler, Sheldrup, Anderson) from 7/06-6/08."

Complaint 103886

"Customer lives on the dividing line between King and Snohomish County on the Snohomish side. Customer does not live within the city limits of Woodinville. This customer is being charged taxes for Woodinville, unincorporated Woodinville, King County & Snohomish County. They have called several times for corrections but has been put off each time."

Violations: "...a violation of RCW 80.36.130 occurred. I am recording 24 violations at this time (one for each month refunded)... Company charged taxes for county and city customer did not live in. Violations are being recorded for the period of July, 2006 through June, 2008."

Complaint 103903

"Verizon NW has been billing him about \$3.00 per month for Cashmere City Utility Tax for over 3 years. He does not live in the city limits. Wants Verizon NW to provide credit for the unauthorized city taxes on his bill for the past 3 years or more. Verizon NW won't remove the taxes. He spent 3 hours talking to Verizon reps. and was told many things. 'the tax fluctuates, it is only \$3.00'. He believes that this is stealing and Verizon should be prosecuted."

Total violations: "...10 violations of RCW 80.36.130, Published Rates to be charged, for failing to charge the correct taxes to 10 customers. Company misapplied and charged city tax to 10 customers located in the county. 9/25 Amended the violations. 24 months x 10 customers = 240... Company misapplied and charged city tax to 10 customers located in the county. 9/25 Amended the violations to reflect the period of July 2006 through June 2008; 24 months x 10 customers = 240."

Complaint 104307

"Mr states in his letter to the commission that he does not live within the city limits of Benton City or any other neighboring city but Verizon Northwest continues to incorrectly charge him city taxes."

Total violations: "Two hundred and four (204) violations of Revised Code of Washington (RCW) 80.36.130(1) Published rates to be charged - Exceptions, against Verizon Northwest Inc. (Verizon), for billing and charging this customer a city tax when this customer resides outside the city limits in unincorporated Benton County. NOTE: Eight customers x 24 months = 192 months in violation, plus one customer x 9 months = 9 months in violation, plus this customer's complaint total of 3 months in violation = 204 total months in violation. "
Eaton – violations from December 2007 to August 2008 (9 months)
Brewer – violations during May, June, and July 2008 (3 months)

Other customers – violations from September 2006 to August 2008 (24 months)

Complaint 104989

“Customer is being charged City of Redmond taxes, however, customer lives in the county.”

Violations: “...24 violations of RCW 80.36.130 for improperly charging customer for city taxes when customer lives in the county. (December 2006 to November 2008”

Technical Assistance

In consumer complaint 100304, staff recorded the following violation on April 25, 2007, for billing improper city taxes:

“VIOLATION: Four (4) violations of RCW 80.36.130 Published rates to be charged against Verizon Northwest Inc. (Verizon), for billing and charging this consumer a city tax when this customer resides outside the city limits of both Richland and West Richland in unincorporated Benton County. (December 2006 through March 2007 billing periods = four (4) billing period violations).”

Verizon was notified of the violation.

In consumer complaint 100483, staff recorded the following violations on July 23, 2007:

“Because the L-1 city tax was erroneously billed to this customer from November, 2006 through April 2007, five violation counts of RCW 80.36.130 as noted.”

Verizon was notified of the violation.

Verizon was fully aware that charging city taxes to customers who reside outside of the city is a violation of RCW 80.36.130.

Verizon Response

Staff finds that customers who were improperly billed city taxes, and contacted Verizon to correct the billing, did not obtain a resolution to the issue. When asked as part of the complaint process how tax issues are investigated, Verizon gave two responses:

As you might imagine, it is not readily doable to perform this manual check of every customer in the county. We have a high degree of confidence in the accuracy of our records and billing of city taxes and related charges. We use a reliable third party database to make the initial tax area code assignment and we also do monthly comparisons between our service provisioning system records and this database to check for possible errors (over a million address ranges are checked each month). Nevertheless, not every single error is detected this way, so we of course take care of those when a customer brings them to our attention.²

² Response from Verizon representative Sandi Box on July 11, 2008.

Once a tax coding error is discovered, the street is reinvestigated and our records updated. When a change is made mass orders are then generated to the customer database. This enables us to ensure that customers in the surrounding area are expeditiously corrected going forward.

When this updated database runs through the billing system for the next cycles, then we see which accounts have had their tax codes updated and can look at past bills to determine the total credits to be given.³

On October 17, 2008, commission staff sent Verizon a data request asking Verizon to describe its procedure when a customer contacts the company claiming Verizon is charging the wrong tax.

Verizon's response stated, in part:

"During training, call center representatives ("consultants") receive instruction on the interdepartmental referral of certain inquiries, including general tax inquires, via Verizon's Intelligent Global Office ("IGO") system. For tax inquiries, consultants create an IGO ticket that automatically refers the inquiry to Verizon's Services Resources Center ("SRC").

The SRC reviews a referred tax inquiry and analyzes the taxes being charged (i.e., namely whether the appropriate tax code is assigned to the customer). That analysis includes, if necessary, verifying with the DBMC (Verizon's Database Management Center") that the customer is situated properly. The SRC initiates corrective action to the extent corrections are required, including issuing back credit if warranted."

Commission staff also asked Verizon:

"When an error is found and taxes are corrected on a complaining customer's bill, does Verizon have a procedure in place to automatically verify that neighboring Verizon customers are being charged the appropriate taxes? If yes, please explain the procedures in detail."

Verizon responded:

The goal, of course, is to avoid error from the outset, and Verizon uses every effort to ensure against errors...If, however, an error is discovered for one customer, the DBMC reinvestigates all of the accounts on that customer's street as a matter of course and updates the Automated Assignment Inventory System (AAIS) accordingly pursuant to that investigation...

³ Response from Verizon representative Sandi Box on July 16, 2008.

Findings

Staff finds that while Verizon's responses to individual consumer complaints, and its response to the commission's data request states it has methods in place to correct tax issues, the consumer complaints filed at the commission indicate those processes are not being implemented as described.

If a Verizon customer calls the company with a billing issue, it is the responsibility of the company to investigate the customer's complaint and if an error in billing has occurred, Verizon is obligated to fix the error and refund inappropriately collected amounts.

Verizon does not do that.

As documented by the Consumer Protection Section complaints noted in this report, customers cannot get improper tax bill issues resolved by calling Verizon. In the five complaints documented for this investigation, Verizon did not fix the improper tax code designations, stop the improper billing, or provide a refund to the customer's account until the UTC became involved.

Additionally, Verizon states that if it finds a customer was billed for taxes in error, its Database Management Center reinvestigates all of the accounts on the customer's street as a matter of course and updates the Automated Assignment Inventory System accordingly pursuant to that investigation.

Staff finds that not only did the five customers who contacted the commission not get their bills adjusted or their tax issues addressed, the complaint investigations revealed that Verizon had not made any attempt to address either the customer's issue or investigate potential tax issues the customer's neighbors may have had.

Verizon did not properly investigate improper tax billing issues a total of 588 times during staff's six-month audit period.

Recommendation

- The commission issue a penalty assessment of \$58,800 for 588 violations (\$100 per violation) of RCW 80.36.130, Published Rates To Be Charged, for improperly billing city taxes.

SUMMARY OF 2008 INVESTIGATION

While this investigation report specifically addresses responses to commission-referred complaints, customer service, and WTAP applications, because those issues were the focus of Verizon's Compliance Plan, and the improper city tax billing because of the high number of violations found during this investigation, other violations were also recorded against Verizon during the investigation period of June 1 through November 30, 2008.

Other violations recorded against Verizon include:

RCW 80.36.130 – Improper billing for telecommunications services

Complaint 103889 – 3 violations

WAC 480-120-172 - Improper discontinuation of services

Complaint 103900 – 1 violation

Complaint 104239 – 4 violations

Complaint 104770 – 1 violation

WAC 480-120-122(8)(b) – Improper disconnect

Complaint 103889 – 1 violation

WAC 480-120-103 - Application for service – company must notify customer of due date for service installation.

Complaint 103965 – 1 violation

Complaint 104234 – 3 violations

Complaint 104400 – 1 violation

WAC 480-120-174 – Company must offer six-month pay arrangement on prior obligation.

Complaint 104130 – 1 violation

Complaint 104826 – 1 violation

WAC 480-120-171 – Company must discontinue service not later than one day from date requested by customer.

Complaint 104341 – 29 violations

WAC 480-120-071(2) – Company must stop billing charges on customer-requested discontinuation date.

Complaint 103916 – 7 violations

WAC 480-120-165(2)(e) – Customer not allowed to speak with supervisor.

Complaint 105000 – 1 violation

WAC 480-120-165(2)(f) – Customer not referred to UTC.

Complaint 105000 – 1 violation

WAC 480-120-166(4), Improper disconnection of service while consumer had open complaint filed at the commission

Complaint 104635 – 1 violation

WAC 480-120-161, Billing for services not requested or provided, or failing to bill.

Complaint 104062 – 17 violations

Complaint 104232 – 5 violations

Complaint 104802 – 3 violations

Complaint 105023 – 6 violations

Verizon Northwest, Inc. 2008 Investigation Report

WAC 480-120-402 – Safety – Hazardous conditions must be corrected.
Complaint 104579 – 1 violation

RECOMMENDATIONS

Staff finds Verizon Northwest, Inc. fails to operate in compliance with commission rules and laws.

Of the 102 consumer complaints reviewed by staff during this investigation, 42 percent of the complaints contained violations of commission rule or state law. Not a significant improvement from previous investigations.⁴ Staff finds that in spite of ongoing technical assistance and Verizon's long-standing telecommunications presence in the state and knowledge of commission rules and laws, Verizon continues to be in non-compliance. Verizon fails to meet its customer service obligations, and fails to ensure its rates and charges are accurate. Most importantly, Verizon fails to provide discounted rates allowed under Washington's Telephone Assistance Program to those customers who qualify.

The commission sets a high priority on consumer protection and ensuring consumers, especially those with special circumstances or needs, are treated fairly and given all of the benefits allowed by state statute and commission rule. Those customers who qualify for WTAP credits are exactly the consumers the commission is obligated to protect. While Verizon has told commission staff that it abides by the rules that allow customers to benefit from the WTAP program, its actions show that in practice it does not. While Verizon has told commission staff that it has changed, enhanced, updated, and improved its processes to deal with WTAP applicants, it has not. While Verizon has told commission staff that it has dedicated resources to making the WTAP experience easier for those customers who need special assistance in making their way through the system, it has not.

As technical assistance, compliance meetings, and a written compliance plan have not been effective in ensuring Verizon's compliance with the law, staff recommends:

The commission issue a penalty assessment of \$49,000 for 49 violations (\$1,000 per violation) of RCW 80.36.130, Published Rates to be Charged, for failure to properly charge customers WTAP tariffed rates.

The commission issue a penalty assessment of \$58,800 for 588 violations (\$100 per violation) of RCW 80.36.130, Published Rates To Be Charged, for improperly billing customers city taxes.

Total Penalty Assessment \$107,800.

⁴ Staff's September of 2007 investigation found of the 118 consumer complaints reviewed by staff, 55 complaints or 48 % of the complaints contained violations of commission rule or state law.

Verizon Northwest, Inc. 2008 Investigation Report

Staff also recommends that for the other issues identified in this investigation, staff continue to meet with Verizon representatives to assist the company with compliance in all aspects of its business operations.

Verizon Northwest, Inc. 2008 Investigation Report



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